

Account Management

Standard Operating Procedures

A Guide for Account Managers and Teams

This document details the standard operating procedures used by U.S. Customs Service Account Managers and Teams. It is provided to help address questions importers may have about Customs' account management program.

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INTRODUCTION

The Program

Account Management is Customs process of viewing an account and its trade performance in the aggregate - not by each transaction. It includes analysis of an account's performance, coordination of the account's activities, identification of trade compliance problems, and resolution of those problems.

Account Management also includes a point of contact within Customs for both the account and other Customs entities. For some accounts, that point of contact is a full-time Account Manager. For others, it is a Port Account Team.

Account Manager

Account Managers are Customs employees dedicated full-time to managing accounts.

Port Account Teams

Port Account Teams consist of port employees who work together to manage accounts. A multi-disciplinary approach to Port Account Teams is encouraged. The core consists of import specialists, in many cases a CST team leader or FNIS providing primary input into the formulation of an account action plan. Other team members may include OAS, inspectors, and entry specialists. Additionally, there may be instances where advice from Regulatory Audit or the Office of Investigations may be necessary as part of the Account Management process.

This guide outlines the standard operating procedures for U.S. Customs Account Management. The Account Management process for Account Managers and Account Teams is almost identical. Where it does vary slightly is noted throughout the document.



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Knowledge and Responsibilities

The following highlights the responsibilities of and knowledge required by the Account Manager/Team.

High Level of Knowledge

- ▶ Knowledgeable about the account's business including an overview of corporate structure, internal controls, policies and procedures and account preferences (remote filing, use of reconciliation, etc.) that relate directly to Customs' business.
- ▶ Maintains a high level of knowledge of key elements of account's profile: commodities imported, usual ports of entry, manufacturers and issues specific to the account's import activity (admissibility, OGA requirements, rulings, etc.).
- ▶ Knowledgeable about a variety of Customs programs that impact accounts. These include programs such as prior disclosure, reconciliation, remote filing, violation billing and the Importer Compliance Monitoring Program.

Primary Point of Contact - Liaison between Customs and Account

- ▶ Serves as the primary point of contact/ liaison for Customs, the account and other government agencies where appropriate. Ensures uniformity, shares information and provides direction to both the account and Customs personnel.
- ▶ Establishes a network with Customs personnel at the account's major ports of entry to effectively manage the account.
- ▶ Establishes a network of subject matter experts (e.g., drawback, ACH).

Analysis of the Account- Risk Assessment

- ▶ Analyzes the elements in the account profile and other information sources to identify patterns of non-compliance and significant issues which impact compliance.



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Problem Solving - Account Action Plan

- ▶ Works with the account to determine the root causes of problems and identifies effective solutions in preparing an action plan to achieve maximum compliance.
- ▶ Develops a solution within Customs. The Account Manager's/Team's role will be to clearly define the issue, make a recommendation, and work to gain consensus among the appropriate Customs officials, thereby ensuring uniformity. When consensus is unsuccessful, the Account Manager/Team first raises the issue to the port management level, and if necessary, to Headquarters NASC to resolve.
- ▶ Assists the account in preparing strategic plans designed to streamline internal operations and procedures and in implementing those procedures to increase trade compliance.
- ▶ Completely and thoroughly comprehends cited discrepancies between the account's import activity and industry norms.
- ▶ Accepts accountability for all decisions he/she makes affecting the account.

Outreach and Education

- ▶ Encourages account to become "vested" in increasing compliance.
- ▶ Promotes account participation in priority Customs programs.
- ▶ Delivers outreach programs to the account as necessary, focusing on topics which will increase compliance and possibly reduce cost to Customs and the account.

Monitor the Account

- ▶ Monitors account activity and compliance rate and continues to identify areas for improvement. Implements and monitors the progress of any compliance improvement plans issued by the account that resulted from the Compliance Assessment.
- ▶ Maintains an open and effective dialogue with account for the purpose of marketing the trade compliance process, exchanging information, and offering and receiving feedback regarding program's success.



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Coordination/Communication Between Customs Disciplines

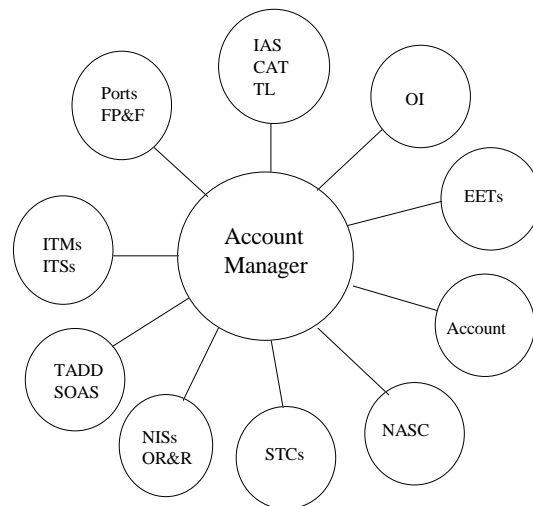
The goal of improving compliance in the most strategically important industries can best be achieved by maximizing the compliance of the largest companies within those industries. To that end, Account Management is one of the most important tools we have to achieve increased compliance, and success in that endeavor depends in large part on a smooth working relationship between Account Managers/Teams, International Trade Managers / Specialists, Import Specialists, Industry Audit Specialists, Strategic OAS, Office of Investigations and other Customs disciplines.

This section outlines the ways that Account Managers/Teams, International Trade Managers and Specialists, Import Specialists, Industry Audit Specialists, Strategic OAS and other Customs officers will communicate with each other, leveraging resources and developing innovative ways to address industry and account compliance issues.

Defining Roles and Responsibilities

Account Manager/Team

The central figure in the compliance/enforcement process as it pertains to accounts. Account Managers/Teams are responsible for working with their assigned account(s) to achieve and maintain maximum account compliance. They are responsible for creating and monitoring the account action plan and for monitoring account performance. [Note: It must be understood that when the principle of informed compliance shifts to that of enforced compliance, with the presence of OI involvement, then no Customs employees may share any information with the trade regarding investigations without clearance from the cognizant OI representative.]





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The Account

A business entity that has been assigned either an Account Manager or Port Account Team. A designation of Customs accounts means that the agency will view the account's importing activity in the aggregate and not by each individual transactions. Importers receive this designation by the NASC due to their importing value, volume PFI workload and other factors.

Compliance Assessment Team Leaders

Leaders of the Compliance Assessment Team and the auditors-in-charge. They are responsible for ensuring that the CA is performed in accordance with established standards and in a timely manner. The CAT leader provides guidance and direction to team members and ensures an integrated team process. As appropriate, the CAT leader includes the Account Manager/Team in all discussions regarding the account and provides copies of CA reports.

Enforcement Evaluation Teams

Groups led by a port TCPO and an Office of Investigations management representative who decide on the appropriate action to take when violative or discrepant action above a certain level is detected. Members of the group, at the discretion of the team leaders, may include the Account Manager/Team for the alleged violator, a Regulatory Audit Field Director, the local FP&F officer, the Supervisory Import Specialist and/or OAS Team Leader, and the Compliance Assessment Team Leader.

Field National Import Specialists, Team Leaders and Import Specialists

The field implementation arm of the account action plans. They are responsible for increasing trade compliance through coordination/resolution of trade compliance issues and referrals of problems and enforcement matters to Enforcement Evaluation Teams, FP&F and OI. The FNIS and Team Leaders keep the Account Manager/Team informed of developing issues at the field level, and communicate with other ports on cross-port issues.

Fines, Penalties & Forfeitures

Reviews the Reports of Investigation issued by OI and determines the level of culpability of the violators and the appropriate penalty. This office is also responsible for issuing penalty notices, reviewing and directing offers in compromise to HQ, responding to mitigation requests, and for monitoring and controlling seizures and detentions. They provide information to Account Managers/Teams as it becomes available, and seek information as necessary.



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Industry Audit Specialists

Track Compliance Assessment results in order to identify issues with potential industry-wide impact, and coordinate with International Trade Managers and Specialists to help recommend possible candidates and focus areas for future Compliance Assessments.

International Trade Managers

Responsible for working on a broader industry scale to achieve and maintain maximum compliance within their assigned industry. They provide the Account Manager/Team with information on specific high-risk issues observed in the industry. They are responsible for creating and maintaining industry plans which use various methods, such as interventions and compliance measurements to monitor activity within their industry. International Trade Managers are also responsible for providing input to the selection of candidates for future Compliance Assessments.

International Trade Specialists

Assist in the preparation and monitoring of the industry plans, and are also responsible for producing the company / account profiles for accounts scheduled for a Compliance Assessment. International Trade Specialists are instrumental in analyzing trade data, proposing and reporting on the progress of interventions, and they engage in various industry-wide analyses (e.g. AD / CVD analysis) which will be extremely useful for Account Managers/Teams as sources of industry knowledge.

National Account Services Center (NASC)

The National Account Services Center (NASC) is the Headquarters team for Account Management. The NASC manages and monitors the AM program nationally, facilitates conflicts ports cannot resolve, coordinates account selection, and provides any national support necessary. The NASC also manages the Operational Analysis Staff (OAS) program and submits account nominees to the Office of Investigations for clearance.

National Commodity Specialist Division/National Import Specialists (NISs)

The national Customs experts on classification and related import issues. They are responsible for providing advice to field import specialists and for the promotion of uniformity in the treatment of imported merchandise. The NIS can assist in resolving classification disputes, works with OR&R on classification rulings, and provides outreach and training to the trade and to other Customs officers. The NISs provide information about specific accounts to the Account Manager/Team as necessary.



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Office of Investigations

Responsible for the investigation of civil and criminal violations related to imported and exported merchandise. They seek account information from and provide account information to the Account Manager/Team as necessary.

Office of Regulations & Rulings

Responsible for the development, implementation, and evaluation of policies and procedures pertaining to regulations and rulings issued by the Customs Service. They conduct major informed compliance initiatives and provide policy and technical support concerning the application of laws and regulations to Customs, Treasury, Congress, other government agencies and the importing public. They also issue rulings, legal determinations and guidelines relating to all aspects of Customs trade compliance process.

Ports

Include, for the purposes of this document, Import Specialists, Inspectors, Entry Specialists, Operational Analysis Staff, Trade Compliance Process Owners, Port Directors, FP&F Officers, and all other port employees. Ports monitor and control port activities such as release of merchandise, marking, classification and appraisalment, protests and local criteria. They contact the Account Manager/Teams with specific questions about an account or provide information to the Account Manager/Team about the account (e.g., copies of CF 28s and 29s). Ports and Account Managers/Teams work together to raise company compliance.

Strategic Operational Analysis Staff (SOAS)

Responsible for managing and maintaining the various aspects of the National Compliance Measurement program. They review accounts that have undergone Compliance Assessments to ensure that the company is properly covered in the Compliance Measurement system regarding its future level of examination. They are responsible for creating and maintaining National Cargo and Entry Summary Criteria, monitoring their effectiveness and coordinating with Compliance Measurement efforts. This work includes involvement in setting up and monitoring interventions making use of cargo examinations and measurements within an industry on behalf of the International Trade Manager and STCs. SOAS analysts are also responsible for providing data and analytical reports related to these and other areas for use by International Trade Managers, Auditors and Account Managers/Teams in their work.

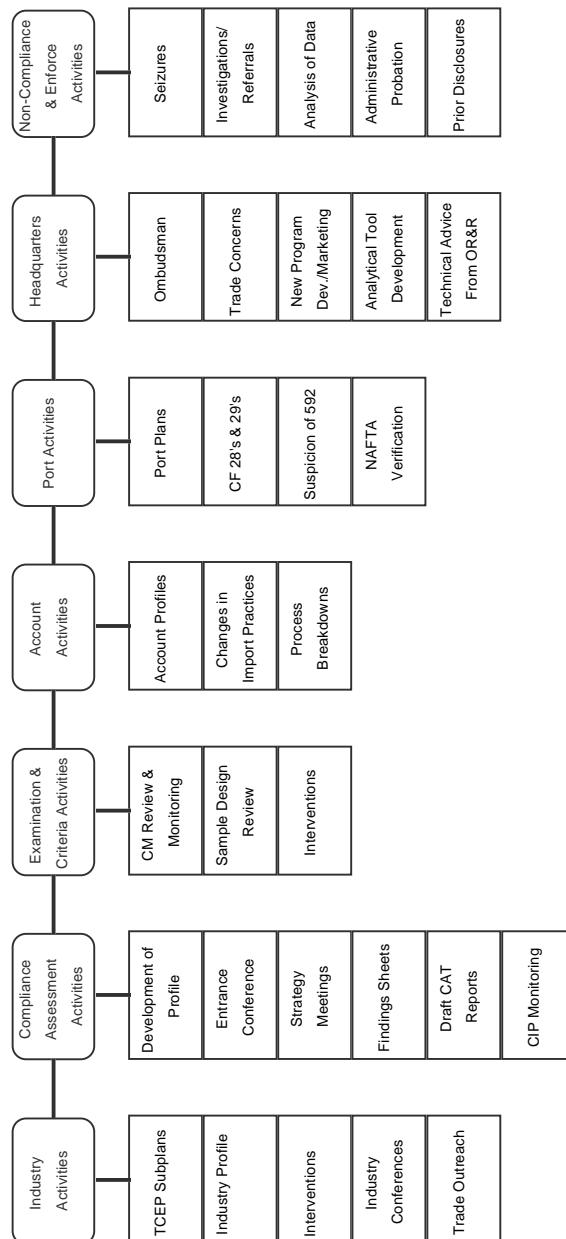


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COMMUNICATION POLICY

The following chart depicts the overall informational needs of Account Managers/Teams.

What the Account Manager Needs to Know...

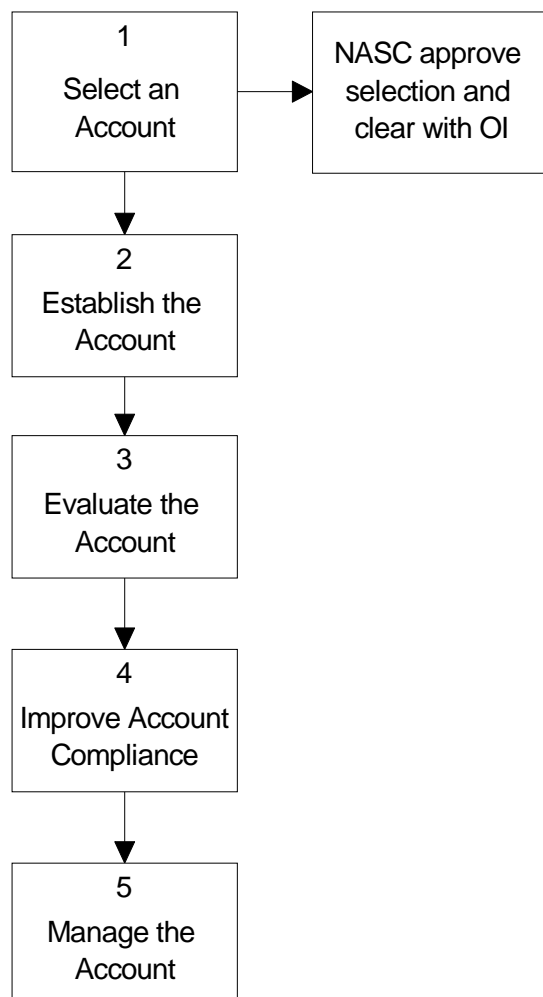




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The Process

This is the overview of the Account Management process. It is described in more detail throughout these SOPs.



1. Select an importer for AM participation

- ▶ Analyze data on all accounts, considering account's import value, number of imported lines, inclusion in a Primary Focus Industry (PFI), rank within that PFI, and compliance rate.
- ▶ NASC coordinates account selection, clears the account with OI, and gives final approval of the selection.

2. Establish the Account

- ▶ Identify IR#s that make up the account, the basic structure of the account, and account point of contact (POC).

3. Evaluate the Account

- ▶ Obtain/develop account profile, gather information from Customs network, assess account's compliance, and evaluate the account's systems. Identify possible compliance and processing problems. When applicable, participate on Compliance Assessment Team.

4. Improve Account Compliance

- ▶ Work with account to develop account action plan. This plan will outline problems identified and remedies agreed to by Customs and the account.

5. Manage the Account

- ▶ Implement account action plan and/or compliance improvement plan, coordinate outreach/improvement activities, and continue to identify areas for improvement.



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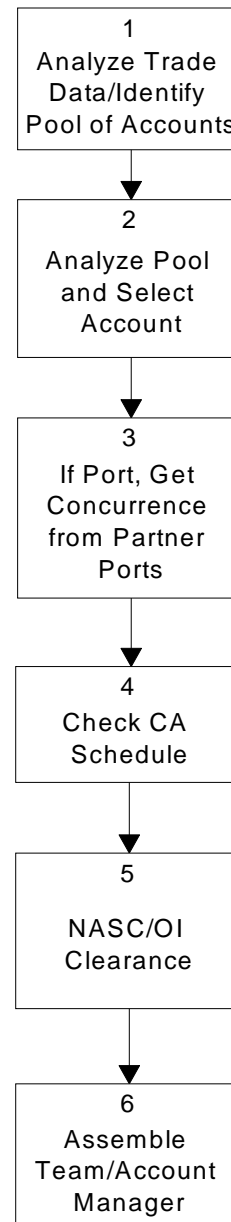
SELECT AN ACCOUNT

Overview

- ▶ Key elements to consider in account selection include account value, volume, value within a PFI, and compliance indicators.
- ▶ Selection of accounts is crucial. Customs should select accounts that will have the largest impact on our national compliance goals.
- ▶ Proper account selection is especially important at the port level. Direct involvement from port management is required to ensure we select the accounts with the largest impact on national compliance rates.
- ▶ Ports should look beyond current commodity specialist team structures. Account Management teams may require the expertise of import specialists from multiple commodity lines, OAS, inspectors, entry specialists, agents, auditors, labs, etc.

Helpful Hint: When selecting an account, do not simply ask each CST to select an account within their commodity expertise. Instead, port personnel should work together to select the appropriate account, and then assemble the best Account Team to manage the account.

The Process





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Note: This is one area where the process for full-time Account Managers differs slightly from that of Port Account Teams.

ACCOUNT MANAGERS

1. Analyze Trade Data/Identify Pool of Accounts

- ▶ The NASC analyzes all accounts based upon criteria such as an account's volume, value, percentage PFI, and compliance rate.
- ▶ To be assigned a full-time Account Manager, the company should meet the following criteria:
 - Account should be within the top 379 accounts as ranked by value
 - At least 50% of the account's imports should be within a PFI

2. Analyze Pool and Select Account

- ▶ From all importers that meet above criteria, the NASC selects an account for participation in the account management program.

3. If Port, Get Concurrence from Partner Ports

- ▶ Not applicable for full-time account managers.

4. Check CA Schedule

- ▶ NASC reviews the Compliance Assessment schedule to determine which accounts are designated for an assessment. The Account Manager coordinates efforts with the CA team leader.



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5. NASC/OI Clearance

- ▶ The NASC submits the nominee to OI for clearance and approval.
- ▶ Once the account has been approved, NASC informs the OST of the account selection and development of the Account Activity Program (CD-ROM) begins.
- ▶ The CD-ROM is prepared quarterly. OST mails the CD-ROM to the Account Manager.

6. Assemble Team/Account Manager

- ▶ The Account Manager is notified of the account assignment.

NOTE: Some accounts have multiple and perhaps unrelated names and IR#s. Sometimes this is not known until after meeting with the account. Account Managers should understand that their assignment may not be limited to the initial IR# provided by the NASC

PORT ACCOUNT TEAMS

1. Analyze Trade Data/Identify Pool of Accounts

- ▶ Ports analyze data on companies importing through their port.
- ▶ To be selected for a port account, the company must meet the following criteria:
 - Account must import more than \$10 million annually.
 - As a general rule, the Top 379 by value are excluded; they are reserved for full-time Account Managers. However, ports may be allowed to select these accounts on a case-by-case basis, if they are less than 50% PFI or import exclusively through one port.
 - Port must be one of the top 5 ports (by value) for the account **AND** 15% or more of the account's activity (by value) must occur in the port.
 - Each port within the top 5 (if it handles 15% or more of the account's imports) must agree with the lead port's selection of the account.
 - Strive for accounts with more than 50% (by value) within a PFI
- ▶ Using the above criteria, identify a list of accounts your ports would like to consider for Account Management.



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2. Analyze Pool and Select Account

- ▶ Conduct further analysis on your small pool of accounts and select an account.
- ▶ Additional criteria the port should consider at this stage include:
 - * The account's compliance and processing problems are significant and worth the dedication of Customs resources. Look beyond the accounts with which current CSTs feel most comfortable and work with every day. Focus on accounts that cross multiple commodities and will have the largest impact on Customs compliance goals.
 - * Location of the company's headquarters/records. Account teams can be successful without face-to-face meetings, but being able to meet with an account does help the team. In many instances, the account is willing to travel to meet with the port, but keep ease of communicating with the account in mind.
 - * Resources available within your teams and the expertise resident within the port.
 - * Possible issues that complicate the account's imports: anti-dumping, assists, likely admissibility issues, etc.
 - * Percent of the port's workload (total and by PFI) represented by the account.

3. If Port, Get Concurrence from Partner Ports

- ▶ Identify the top five ports for your account.
- ▶ Contact the TCPO for all other ports on that list (whose account activity is greater than 15%) and reach agreement that your port should be the lead port.
- ▶ If two ports would like to select the same account, the ports should make every effort to settle the difference. If this is not possible, the two ports may raise it to the NASC for a decision. Ports will submit their reasoning; the NASC will weigh this against the criteria and decide. Reserving accounts for future use is not allowed. If a port would like to select an account, it must be ready to begin work immediately.

4. Check CA Schedule

- ▶ Check to see if your account has had a CA or is scheduled for one in the near future. If your account is on the CA list, coordinate your efforts and account meetings with the CAT leader. Much of the account profile and evaluation work may already be complete.



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5. NASC/OI Clearance

- ▶ After you have selected an account for your port, you must notify the NASC and wait for OI clearance before beginning your work.
- ▶ The NASC will coordinate your selection with the Office of Investigations and notify you of OI's decision. The NASC will also coordinate with OST to ensure your port receives a CD-ROM with your account's historical data.

NOTE: It is important that you conduct your initial IR# research for your account before notifying NASC of your account selection. The NASC will need to know which IR#s constitute the account (to the best of your knowledge), so that the CD- ROMs include all important information relative to your company.

6. Assemble Team/Account Manager

- ▶ Based on your initial analysis of the account, assemble the most appropriate team. While the core of the team usually consists of import specialists, look beyond your current commodity specialist team structures. Port Account Teams often require the expertise of import specialists from various commodity lines, OAS, inspectors, entry specialists, agents, auditors, labs, ABI Client Reps, etc.
- ▶ Select a team leader/primary point of contact for the account.
- ▶ Train the team. Ensure they understand the details of account management and the SOPs. Contact your mentor (assigned by the NASC) whenever you have questions.



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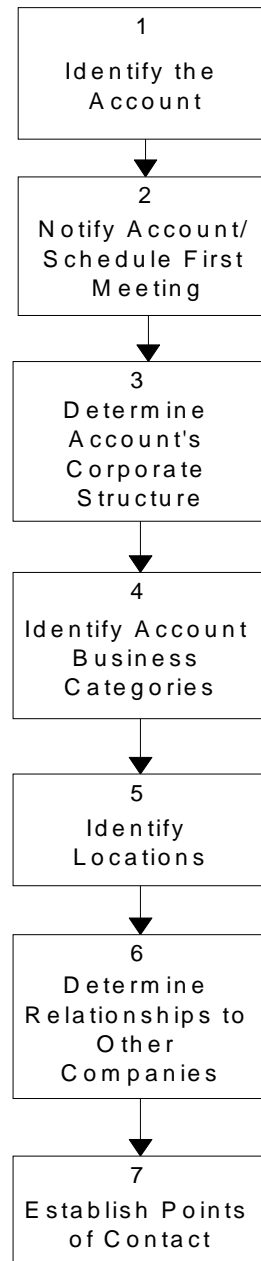
ESTABLISH THE ACCOUNT

Overview

- ▶ When establishing an account it is important to define the account - in Customs terms. Multiple divisions and subsidiaries of a company may cause an account to have more than one IR#. Establishing an account involves identifying the relationship of the different divisions and subdivisions of a company and determining, with the account, whether the number of IR#s they use can be reduced, and/or grouped to form a minimal number of account identifications.
- ▶ This will require reviewing Customs databases and contacting the account to determine:
 - the account's corporate structure and all IR#s previously known to Customs
 - the relationship the account has with other accounts within the same corporation or business partnerships with different companies
 - which Customs-related business activities are conducted by the account
 - locations related to the account
 - POC within the account and their position
 - which subsidiaries or divisions use the same internal controls, policies and procedures, recordkeeping policies and accounting systems.

Helpful Hint: It is important to identify a contact with authority to speak for the account on matters relating to all of the account's import activities.

The Process





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1. Identify the Account

- ▶ Working with available databases, the Account Manager will identify all business entities related to the account.
 - To the best of your knowledge, group entities together that share common internal controls, policies and procedures for accounting systems, recordkeeping and Customs-related processing.

Helpful Hint: Be mindful of any minor variations in the spelling of the name, the address or any abbreviations (prefixes/suffixes). Be cognizant of any inactive IR#s. Keep in mind that an account can have different business activities.

2. Notify Account/Schedule First Meeting

- ▶ The Account Manager/Team prepares an introductory letter for the account notifying them of Customs decision to consider them an account. For full-time Account Managers, the letter is signed and mailed by NASC. For Port Account Teams, the letter can be signed by the TCPO or Port Director.
- ▶ A follow-up phone call should be made to the account within a reasonable period of time, to introduce yourself as their Account Manager/Team and schedule a meeting to present Trade Compliance/Account Management. A video and standard PowerPoint presentation are available for this first meeting. They cover the basics of trade compliance and account management. Contact the NASC if you need copies. If your account is scheduled for a CA, you can combine your initial meeting with the CA pre-conference.
- ▶ There may be an occasion whereby the account is reluctant to participate in the Account Management Program. The program is not voluntary and it should be emphasized that the company will be considered an account for Trade Compliance purposes. The Account Manager/Team has the option of sending a letter to the company explaining the account-based approach to Trade Compliance. If there is undue resistance, the Account Manager may refer the conflict to the NASC.



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IMPORTANT NOTE: There may be occasions where an outside party may request information relative to their client, an account. For example, an outside counsel may request compliance measurement rates for their account. Before information is released by the Account Manager/Team, permission should be obtained from the account, preferably in writing. Only information pertaining to the requestor's account can be divulged.

3. Determine Account's Corporate Structure

- ▶ Contact the account to determine the corporate structure. Does the company want to be treated as one account for Customs purposes? Or does the company have divisions that act as separate business entities and wish to be separate and distinct accounts? How has Customs traditionally dealt with the company (as a single entity or as separate divisions)? If possible, obtain a Dun & Bradstreet report on the company to have as background. If you have Dun & Bradstreet information, what type of corporate structure does it show? (If the port does not have access, the STC can help here with Internet queries, etc.)
- ▶ For Customs purposes:
 - Companies/divisions (and corresponding IR#s) that have the same systems for establishing internal controls, recordkeeping, financial/accounting practices and/or import transactions will normally be defined as one account.
 - Companies/divisions (and corresponding IR#s) that have separate systems for establishing internal controls, recordkeeping, financial/accounting practices and/or import transactions will normally be defined as separate, distinct accounts.
- ▶ Discuss the account definition with the account, and if there is a CA, coordinate account definition with the CAT leader. **THIS IS VERY IMPORTANT.** If there is a CA, Customs follow-up actions, such as an increase or reduction of CM exams, are applied to the entire account.
- ▶ Once the account structure is determined by you and the account, encourage the account to consolidate and use as few IR#s as possible. This consolidation will enable an easier analysis of the account.



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- ▶ When you have reached a consensus on the account definition and the associated IR#, contact OST AUTOMATION SUPPORT via cc:Mail to inform them of the additional numbers. If there are changes to your account's definition, notify OST by the following dates: March 15th, June 15th, September 15th and December 15th. Meeting these deadlines will enable OST to incorporate your information into the next quarterly release of the AAP.

4. Identify Account Business Categories

- ▶ Identify the business role(s) the account has with Customs. (For example, are they an importer who also operates a bonded warehouse? Business categories might include importer, bonded warehouse operator, or manufacturer.)

5. Identify Locations

- ▶ Identify the various locations and the reasons for their existence.
 - Location is defined as a physical address, postal address, telephone number, fax number or electronic mail such as an Internet address.
 - It is any means by which you might contact the account.
 - Note if the location is a facility where Customs records are stored, a distribution center, warehouse, billing address, phone number(s), fax number(s), electronic mail address, etc.
 - Determine what locations are responsible for internal controls and procedure manuals. Determine a point of contact if different from corporate headquarters.

6. Determine Relationships to Other Companies

- ▶ Determine the relationships between the account and other entities that work with the account when conducting Customs business. Generally, these entities can be broken down into four major types:

Type One. Companies who also have a direct business relationship with Customs. For example, a broker, carrier, warehouse proprietor, FTZ operation, etc. Some of these relationships may be identified through entries/summaries, manifests, and/or other transactions. Contact the account to verify/identify the other companies.



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Type Two. Companies who may or may not have a direct business relationship with Customs. For example, an attorney, freight forwarder etc. Some of these relationships may be identified through entries/summaries, manifests, drawback, protests, and/or other transactions. Contact the account to verify/identify the other companies.

Type Three. Companies who more than likely DO NOT have a direct business relationship with Customs. These companies are usually identified through the Import Declaration (CF 3461 or CF 7501). For example, a manufacturer, shipper, seller, buying agent, etc. These companies will need to be identified through the Customs Declaration.

Type Four. Other U.S. Government Departments/Agencies. Does the account conduct Customs business that is also subject to the other U.S. Government Agency requirements? There are various ways to identify these relationships, e.g. through contact with the account, through information on the Import Declaration, through familiarity with the commodities imported and the countries of origin, and through information received from your Customs network, etc.

7. Establish Points of Contact

- ▶ Determine the primary account POC, his or her position in the account, and the locations associated with them. The POC is the person whom the account has authorized to manage its relationships with Customs and authorize changes in the data we have on the account. Changes requested by other account personnel must be confirmed with the primary POC.
- ▶ Determine additional points of contact, positions, and locations, and your authority to contact them directly.



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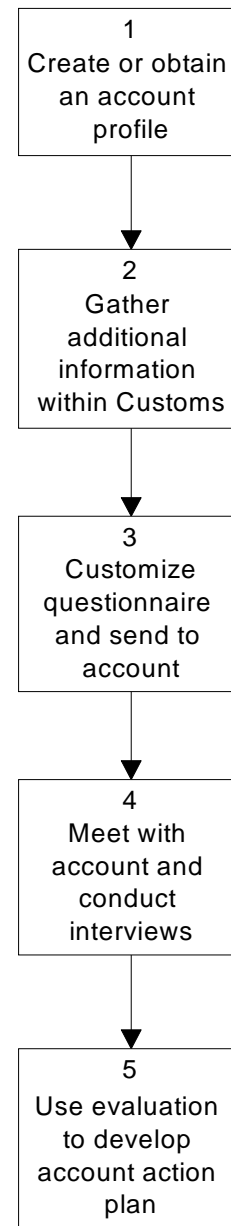
EVALUATE THE ACCOUNT

Overview

Customs must evaluate the account - gather data on the account's importing history and systems - in order to identify possible compliance or process problems. The most comprehensive evaluation is a compliance assessment. **The following steps are taken only if your account is not scheduled for a CA.**

- ▶ If your account is not scheduled for a CA, the Account Manager/Team will conduct the evaluation. This will consist of:
 - an account profile/data from OAS
 - answers to a questionnaire sent to the account
 - information from interviews with the account
 - any additional information obtained by the Account Manager/Team
- ▶ The Account Manager/Team must explain to the account the purpose of the evaluation: **to identify compliance problems that should be addressed in the Account Action Plan.** Initiating an investigation or audit is not the purpose. However, the Account Manager/Team should explain to the account that any egregious non-compliance or suspected fraud discovered will be referred to an Enforcement Evaluation Team for review.
- ▶ Consult the annual Trade Compliance and Enforcement Plan. If your account is within a PFI, or has problems with any trade priority issues (e.g., anti-dumping, IPR), incorporate Customs national goals within your account analysis.

The Process





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1. Create or Obtain an Account Profile

- ▶ If the account has had a CA or is scheduled for one in the near future, the Account Manager/Team should contact the appropriate STC, International Trade Manager for an account profile.
- ▶ If a profile does not already exist, OAS - with input from the Account Manager/Team - will create the initial profile of the account prior to additional evaluation of the account. The profile includes a compendium of data on the import activities of the account as well as a narrative analysis to include findings and areas recommended for further evaluation.
- ▶ Review account profile at least every 2 years, and update as necessary (e.g., account restructures or import patterns change).

2. Gather additional information within Customs

- ▶ Use sources within Customs to gain additional information on the account.
- ▶ Create a Customs network via cc:Mail that will become part of your communication tree and make it easier to share and gather information about the account. A typical network can include the CAT leader, FNIS', Import Specialists from key ports, Industry Audit Specialists, International Trade Specialists, Computer Audit Specialists, ABI Client Rep, and OI case agent. Other disciplines may be added and should be based on the nature of the account's activities. The Customs network is flexible and supported by industry, account issues, status of programs etc., and should be adjusted as necessary.

3. Customize questionnaire and send to account

- ▶ Using the information in the account profile, and the national priorities outlined in the annual Trade Compliance and Enforcement Plan, customize the questionnaire provided in the Evaluation Guide and send it to the account. This questionnaire should be sent to the account if a compliance assessment has not been conducted or is not scheduled to begin soon. (SAMPLE QUESTIONNAIRE AT END OF DOCUMENT)



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- ▶ The questionnaire is an extremely valuable tool. However, completion of the questionnaire often requires a significant effort on the part of the importer. Account Managers/Teams must take the time to customize the questionnaire for the account, explain the purpose of the questionnaire (to help identify compliance problems that should be addressed in the Account Action Plan) and walk the account through the questionnaire to clarify any confusing topics.

4. Meet with account and conduct interviews

- ▶ Interview the account to gather additional information and identify possible problem areas and the account's concerns with Customs. Suggested interview topics are included in the Evaluation Guide. Face-to-face meetings are encouraged whenever possible.
- ▶ Determine if the Internet is an acceptable means of communicating with the account. (Files cannot be sent or received via the Internet due to possible virus infections.)

5. Use evaluation to develop account action plan

- ▶ Use the evaluation information and analysis for the next step in the process - developing the account action plan.
- ▶ If a Compliance Assessment is near completion, the account action plan can be delayed until the final CA results are determined. Action items in the compliance improvement plan should be incorporated into your account's action plan.



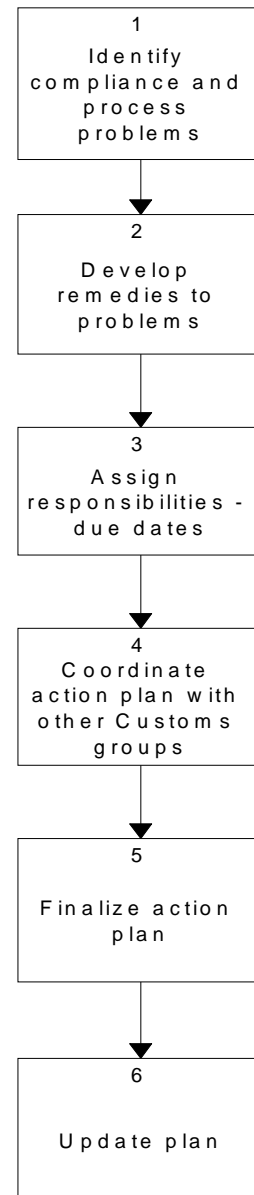
U.S. Customs Service Account Management Standard Operating Procedures

IMPROVE ACCOUNT COMPLIANCE - THE ACCOUNT ACTION PLAN

Overview

- ▶ The purpose of Account Management is to increase compliance, inform the account of its responsibilities under the Mod Act, reduce cost for both Customs and the account, and increase customer satisfaction. After evaluating the account, both the Account Manager/Team and the account must identify specific problems and remedies to these problems - the account action plan.
- ▶ The Plan identifies goals, steps to reach those goals, and estimated completion dates. It is an important tool to measure the progress of the account in achieving and maintaining maximum compliance and to measure the success of Account Management in promoting informed compliance.
- ▶ The Plan should be brief yet clearly outline actions items, responsibilities and a time line. Plans may vary from one account to another. However, certain key elements should be included. These are outlined at the end of this section.
- ▶ If the Compliance Assessment is in progress, the Account Manager/Team should exercise judgement in determining when to begin development of the account action plan.

The Process





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1. Identify compliance and process problems

- ▶ Use the account evaluation or the Compliance Assessment Report to identify compliance and internal processing problems. Both the account and the Account Manager/Team should propose action items. Prioritize issues; state goals, responsible party, due dates. Key ports for your account should be included in this discussion.
- ▶ Elements of a compliance improvement plan may also be added to the account action plan to assist the account in identifying all outstanding action items. While the improvement plan may contain exact details which resulted from the assessment, the account action plan can provide the guidance by identifying the steps to achieve the improvement.

2. Develop remedies to problems

- ▶ Develop steps to solve problems, including proactive actions to ensure continued compliance and remedies to concerns the account has with Customs. Your Customs network, CAT members, and partner ports should be included in this discussion.
- ▶ Explain to the account that the team's role is to help the company find solutions to its problems. It should be emphasized to the account that the importer, not Customs, is responsible under the Mod Act to exercise reasonable care in addressing issues found within their control.
- ▶ Break projects down into specific steps. For each project, include a follow-up step with an account self-test, an evaluation, or an update to ensure that the goal was met and compliance achieved.
- ▶ Action items may include other areas of interest not directly related to problem areas. For example, the account may be interested in reconciliation. It would be recorded as a business item and it provides the mechanism to record the gathering of information, indicating the responsible party and results. The account action plan provides the tool to record such activities performed by the Account Manager/Team and the account.



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3. Assign responsibilities - due dates

- ▶ Assign responsibilities - Customs or account - and due dates.

Helpful Hint: Remember to be realistic when setting due dates.

4. Coordinate account action plan with other Customs groups

- ▶ A draft of the Plan should be sent for comments to interested parties (other ports, NISs, ITMs, etc). Any comments received should be incorporated into plan as appropriate.

5. Finalize account action plan

- ▶ For full-time Account Managers, the final version of the Plan should be approved by the account and the Account Manager.
- ▶ For Port Account Teams, the final version of the Plan should be approved by the account, the Port Account Team, and the TCPO.
- ▶ The Account Manager/Team should forward a copy to the affected ports, the NASC, the OST International Trade Officer (if account is within a PFI), and if the account action plan includes special exams or summary reviews, to the Director of Strategic OAS in New York.

6. Update Plan

- ▶ The Plan is dynamic. New action items are added as identified and issues are removed as they are resolved. The Account Manager/Team may provide interim updates as changes occur (e.g., a major change in the account's structure or business).
- ▶ Plans will be reviewed with the account at least annually, and updated and renegotiated as necessary.



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Account Action Plan Contents

Action Plans for each account may vary. However, certain key elements should be included at a minimum. These include:

- ▶ Cover Sheet
- ▶ Table of Contents
- ▶ Common Checklist
- ▶ Account Background & Structure
- ▶ Scope of Plan
- ▶ Project List: Compliance and Business Items

Cover Sheet:

- ▶ Account Name, Address, Port Account Team Port, Account Manager/ Port Account Team Representative (names and phone numbers), account contact name and phone number, period covered by plan, date of plan and distribution.

Table of Contents:

- ▶ Optional. Self-explanatory.

Checklist:

- ▶ The checklist is a list of items of interest to Customs which may merit attention on an ongoing basis. The two main areas of focus are Compliance and Business Items. The account action plan does not have to include all items on the list. The checklist simply guarantees that the Account Manager/Port Account Team screens the account for the listed items.
- ▶ When an item does not apply to the account, the "No/NA" box should be checked and a statement of explanation provided (account has no problems in this area, account's broker does not have EDIFACT invoice processing, etc.).
- ▶ Items that do apply should be addressed in the account action plan, in the order listed on the checklist. The Account Manager/Port Account Team and account may add items.



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Account Background & Structure:

- ▶ Provide a brief description (one or two paragraphs) of the account including name of company, when established, nature of business, ranking by value, import activity in Primary Focus Industries, actual value of imports and duties for most recent fiscal year, and general description of chief imports.
- ▶ State location of account's headquarters, countries of its foreign plants, countries of its chief non-related suppliers, and most frequently used ports.
- ▶ Provide Compliance Measurement results from the past year. This information can be extracted directly from the account profile or CAPPS.
- ▶ State the major businesses (importer, exporter, broker, carrier, etc) of the account. Describe the structure, including whether it is centrally controlled or consists of several autonomous divisions. Describe whether Customs business is conducted centrally or from the various segments.
- ▶ Provide a brief description of the department(s) which handle(s) Customs business. Provide the IR#s used for conducting Customs business.

Scope of Plan:

- ▶ Provide a general description (one or two paragraphs) of the compliance objectives and business objectives included in the plan. Include how non-compliance was discovered (e.g. in CM's, thru voluntary disclosure, identified by the Account Manager/Team or CAT).

Project List:

- ▶ This is the heart of the account action plan. It succinctly identifies each project/action item, the goals for the project, the responsible party, and due date, listed in order of priority - "High", "Medium", or "Low." Mutually agreed changes in priorities may occur, but a plan revision would not be needed.



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Checklist

Those Items checked “Yes” are included in this Plan. Those checked “No” are not included, and the reason why is briefly stated below. Each item must be checked with either a ‘yes’ or a ‘no/NA’.

1.	Compliance Items	YES	NO/NA
A.	Classification	•	•
B.	Valuation	•	•
C.	Quota/Visa	•	•
D.	ADD/CVD	•	•
E.	Quantity	•	•
F.	Special Trade Programs/NAFTA	•	•
G.	Admissibility	•	•
H.	Invoice Requirements	•	•
I.	Internal Controls/Recordkeeping	•	•
J.	OGA	•	•
K.	Other * _____	•	•
2.	Business Items		
A.	ABI	•	•
B.	ACH	•	•
C.	Remote Filing	•	•
D.	Reconciliation	•	•
E.	Manifests	•	•
F.	Entry Filing Method (CF 3461, CF 7501, Paperless, etc.)	•	•
G.	Other automated programs (drawback, protest, etc.)	•	•
H.	Other * _____	•	•
3.	Items Requested by Account:		
1.	_____	•	•
2.	_____	•	•
3.	_____	•	•

Reasons for items checked NO/NOT APPLICABLE:

Item:

Reason:

*Additional Items can be added by the Account Manager/Port Account Team or account



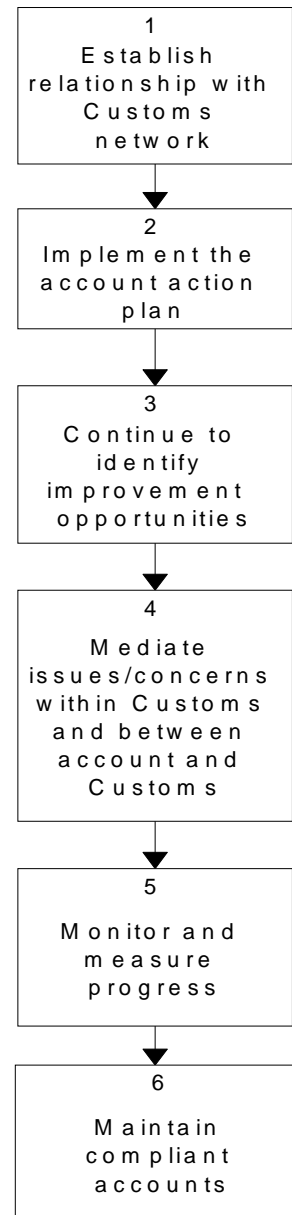
U.S. Customs Service Account Management Standard Operating Procedures

MANAGE THE ACCOUNT

Overview

- ▶ Under Customs Account Management program, the relationship between the account and the Account Manager/Team is ongoing. It continues after the development of the account action plan.
- ▶ An effective Account Manager/Team must establish and maintain effective relationships with other Customs divisions and key ports. This can take up a substantial amount of time in the beginning, but it is crucial to Account Management's success.
- ▶ After the account action plan is developed, the Account Manager/Team continues to monitor the account's activities, identifies new concerns, and measures the account's and Customs' progress.

The Process





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1. Establish relationship with Customs network

- ▶ The ability of the Account Manager/Team to perform his/her duties successfully depends almost entirely on the communication linkages that are established between different locations and functions within Customs.
- ▶ Work with your Customs network, CAT members, and other ports to clearly establish lines of communication and other appropriate Customs personnel (NIS, ITS, ITM, IAS, Auditors, Import Specialists etc.).
- ▶ Request information regarding problems or issues from the affected ports. Tailor your requests based on your analysis in the account profile, CAPPS data, the Account Activity Program (CD-ROM), and the Compliance Assessment. Be specific when data is requested. Provide the network with the results of analysis, problem resolutions and account action plans as necessary. Remember that information needs to flow both to AND from the Account Manager/Team.

2. Implement the account action plan

- ▶ Coordinate the implementation of the account action plan with Customs and the account. Follow-up with those assigned specific tasks. Once an action item has been implemented by the account, follow-up with them to review the new procedure or policy. Help break down barriers and cut through red tape whenever possible.

3. Continue to identify improvement opportunities

- ▶ Work with the account and Customs groups to ensure that the maximum level of compliance is reached and maintained.

4. Mediate issues/concerns within Customs and between account and Customs

- ▶ Continually work with ports and other Customs offices to address account concerns and uniformity problems. Facilitate disagreements at the lowest level possible. If the Account Manager/Team/TCPO cannot resolve an issue, it should be raised to the NASC.



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5. Monitor and measure progress

- ▶ If applicable, monitor the progress of issues raised in the Compliance Improvement Plan to ensure implementation (as defined in the Compliance Assessment SOPs). Once the account has resolved or improved an action item, contact your network to report the status.
- ▶ Continually assess account data/trends. Identify compliance problems/improvements and address them with the account. Work on account action plan and update as needed.

Enforcement

Account Managers/Teams must ensure their accounts are actively working to improve their compliance. Significant violations, prior disclosures, decreases in compliance, and ineffective account action plans/compliance improvement plans should be referred to the Enforcement Evaluation Team.

6. Maintain compliant accounts

- ▶ Some accounts may be highly compliant and, after completion of the account action plan and compliance improvement plan, require little maintenance. However, account designation is permanent. Accounts do not go away. For highly compliant accounts with no pending action items, the Account Manager/Team should at a minimum:
 - remain in contact with the account; see if they have any new concerns or are interested in participating in a new Customs program (e.g., reconciliation, remote filing)
 - review account's latest data in the Account Activity Program each quarter to see if there has been a shift in importing patterns, or a return to previous problems, that would require meeting with the account or renegotiating the account action plan
 - contact Customs network periodically to ensure no new problems have cropped up
 - inform the account of any upcoming Customs meetings, conferences or seminars that may be of interest to them



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MEASURES

Each account will be measured in a number of ways by the Account Manager/Team. Specific data will vary from account to account, but will include information such as volume, value, shifts in importing patterns, changes in commodity lines, etc.

The measures outlined here are measures of the Account Management program - not of an individual account.

Compliance

- ▶ compliance rate of accounts within the Account Management program vs. companies not participating in Account Management
- ▶ compliance rate of accounts within Account Management from year to year
- ▶ Accounts managed by Port Account Teams are usually not large enough to generate enough compliance measurement exams for a valid CM rate per account. To measure compliance of accounts managed by ports, these companies will form a single measurement pool for compliance measurement purposes. Compliance measurement exams and summary reviews will be conducted on the pool of accounts and will provide a CM rate for the pool. As a supplement to this measure, additional entry summaries for each account will be targeted for review. This will provide more specific compliance indications (while not a valid compliance rate) for each account.

Customer Satisfaction

- ▶ satisfaction of companies within the Account Management program vs. companies not participating in Account Management
- ▶ satisfaction rate of accounts within Account Management from year to year
- ▶ Each year, the customer satisfaction survey coordinated by the Office of Field Operations will be issued to Account Management accounts and the results of the Account Management respondents versus the overall population will be compared.



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- ▶ In addition, a more focused satisfaction survey (relating specifically to Account Management) may be issued to each account annually.

Cost

- ▶ Customs is currently developing cost measures for the trade compliance process. When these measures are complete, we will compare the cost of trade compliance for accounts versus non-accounts.
- ▶ For now, we will rely upon anecdotal measures of cost/dollar savings for the companies and for Customs (e.g., prior disclosures, rate advances, process savings for the account). Each Account Manager/Team should report these to the NASC as they occur.

Uniformity

- ▶ The NASC will work with the National Import Specialist Division to develop a method to sample account transactions to ensure uniformity. This measure is still under development and will only apply to those accounts managed by port account teams.



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GLOSSARY

Account - Any entity in whom the USCS has an interest in relating to trade compliance.

Account Action Plan - Individual account plan that may include Compliance Assessment, Compliance Measurement, and other action items which has been negotiated between the account and the Account Manager or Port Account Team. Action items may be intended to increase compliance and/or efficiencies, and may have been proposed by the account or by any Customs Officer.

Account Activity Program - This is a tool that contains account specific information with the objective of aiding the Account Manager/Team in performing research and analysis on their account.

Account Business Categories - Known business relationships between accounts conducting business in areas of interest to USCS. Such relationships may be pre-defined to enable some activity (e.g., lists of an importer's sellers for Track 4 authorization), or they may be established based on activity that identifies them (e.g., an importer, manufacturer, or bonded warehouse) thru a particular Import Declaration.

Account Evaluation - The process of gathering data on an account relating to the account's import history and systems. For large PFI accounts, Compliance Assessment will be the account evaluation. For many accounts, a compliance assessment most likely will not be done so the Account Evaluation may consist of: the account profile, answers to a questionnaire sent to the account, information from interviews with the account, or any additional information obtained by the Account Manager/Team.

Account Management - Customs' process of viewing an account and its trade performance in the aggregate - not be each transaction. It includes analysis of an account's performance, coordination of the account's activities, identification of trade compliance problems, and resolution of those problems.

Account Profile - A document that contains data and narrative analysis about the account and their activities. The account profile contains data from various sources internal to Customs along with public record information taken from various sources (e.g., Dun & Bradstreet).



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Compliance Improvement Plan (CIP) - A document prepared by the account to address problem areas identified during the Compliance Assessment.

Computer Audit Specialists (CAS) - Auditors who provide comprehensive Electronic Data Processing support to the Regulatory Audit Division. The CAS assists CAT members when reviewing and evaluating an account's systems, including complex accounting systems.

Corporate Structure - The organizational structure of the account to include the identification of separate business entities within the account.

Identify the Account - A several-step process that includes: working with OAS to identify the account through ACS research, determining the account's corporate structure, identifying the account's business categories, identifying locations, determining relationships to other companies not within the corporate structure, and establishing points of contact.

Industry Audit Specialist (IAS) - Auditors who trade CA results in order to identify issues with potential industry-wide impact. They coordinate the issues with ITMs to recommend candidates and additional focus areas for future CAs. They also help develop industry-specific audit tools.

International Trade Manager/International Trade Specialist (ITM/ITS) - The experts in the Office of Strategic trade that specialize in a particular primary focus industry or trade priority area (e.g., anti-dumping, IPR).

Monitor the Account - Review of account activity, compliance rates, and other information to identify areas for improvement.

National Account Services Center (NASC) - USCS Headquarters staff responsible for administering and managing the Service Accounts process. NASC coordinates account selection and provides any national support necessary. It also has national management responsibility for the OAS program.

Partner Ports - Other Customs ports where the account conducts business.



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Port Account Teams (PAT) - USCS employees responsible for managing an account, monitoring the account's performance relating to Trade Compliance, and serving as the primary point of contact for the account. PATs perform account management activities on a collateral basis in addition to their other assigned duties. The core of the PAT consists of import specialists; however, the use of multi disciplinary teams is encouraged.

Primary Point of Contact - Serves as the primary point of contact/liaison for Customs, the account and other government agencies where appropriate. Ensures uniformity, shares information and provides direction to both the account and Customs personnel.

Project List - Part of the account action plan. Succinctly identifies each project/action item, the goals for the project, the responsible party, and due date, listed in order of priority - "High", "Medium", or "Low." Mutually agreed changes in priorities may occur, but a plan revision would not be needed.



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SAMPLE QUESTIONNAIRE

In order to address compliance problems and develop a viable account action plan, Account Managers and Teams need to gather and evaluate information about the account's systems. Sometimes, an account has completed, or is in the middle of, a Compliance Assessment. If this is the case, the Account Manager/Team can simply use this information.

However, many times an account is not scheduled for a Compliance Assessment but still has possible compliance issues, or concerns with Customs the account would like to address. To help identify these issues, the Account Manager/Team will use a combination of an interview with the account and a questionnaire.

What follows is a basic, sample questionnaire. It is provided as an example of the types of questions an account may be asked. The Account Manager/Team will often customize a basic questionnaire, adding or deleting questions, to meet the specific needs of the account.



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GENERAL QUESTIONNAIRE FOR ACCOUNT MANAGEMENT U.S. CUSTOMS SERVICE

- A. **General Organizational Information:** Please review and make any necessary corrections to any of the following information filled in and provide the information for items not completed.
1. Company's full name and IRS identification number.
 2. Description of overall organization structure, organization charts, and similar information.
 3. Name and title of the account's officers.
 4. Information concerning account's parent, sister, subsidiaries, and joint venture organizations and relationships.
 5. Names and addresses of any foreign related companies (as defined in section 152.102(g) of the Customs Regulations).
 6. General information on account such as a description of business operations, number of employees, location of facilities and related operations, products, divisions, and customers.
 7. Name, title, and telephone number of the official(s) preparing information for this questionnaire.
 8. Name, title, and telephone number of the person who will be the U. S. Customs contact during the review.



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B. Customs-Related Activities: Please review and make corrections to any of the following information filled in and provide the information for items not completed:

1. Names and Importer ID numbers under which the account imports.
2. Identify the organizational elements (departments, divisions, subsidiaries, etc.) involved in Customs-related operations.
3. Identify any broker's bond under which the account imports.
4. Names and locator information for key individuals associated with Customs-related operations.
5. Names and addresses of brokers used by your account.
6. Names and addresses of major foreign suppliers. (10% of total entered value is considered major).
7. Describe the disposition of imported products (manufacturing, resale, etc.).
8. Identify and explain situations in which the account exports merchandise from the United States.
9. Identify situations in which the account imports merchandise in accordance with Customs binding rulings.

C. Record Keeping System:

1. Identify the source records and information used to prepare Customs information. Explain how they are created, maintained, and transferred to and from originating, using, and storing organizations. Provide operating procedures and associated internal controls over record production and retention.
2. Identify location of records. (Identify documents and information maintained at each location).



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3. Provide a description and/or flowchart of the account's activities, documents, and financial accountability used for acquisition of foreign merchandise in the following areas:
 - purchase of foreign merchandise;
 - receipt of foreign merchandise;
 - recording in inventory;
 - payments made to foreign vendor;
 - distribution to customers;
 - export of merchandise, if applicable.
4. Identify individuals responsible for the various activities described above.
5. Identify the General Ledger accounts used to record the transactions described above. Are the financial records linked to Customs transactions by entry numbers, Customs invoice numbers, or other identifiers? Please explain.
6. What methods of payment are used for foreign purchases, i.e., letters of credit, wire transfers, checks? Are payments made in U.S. dollars or other currency? How frequently are payments made to foreign vendors?
7. What is the usual period of record retention for the account, and what storage mediums are used?
8. Identify account's fiscal year.

D. Internal Controls:

1. Identify the account's formal policies and procedures manuals or other written directives related to the handling of Customs activities described in Section C. If there are no formal written procedures, provide a written summary of the account's procedures for ensuring compliance with Customs laws, regulations, and rulings.
2. Explain procedures to ensure that assists, commissions, royalties, license fees, freight, and other dutiable costs are correctly reported to Customs.



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3. Explain procedures to ensure that non-dutiable costs such as international freight and insurance are accurate and fully supported by documentation.
4. Explain results of evaluations (internal or external) of the effectiveness of the account's system of internal controls with respect to Customs-related operations.

E. Customs Value Information:

1. Is your account related to any of the suppliers of imported merchandise? What is the nature of the relationship? Does your firm gain any financial or commercial advantage from the existence of this relationship.
2. Do you remit the full invoiced value for imported merchandise to the foreign supplier? What are the terms of payment? Are any additional funds sent overseas that are not reflected in the invoices used for Customs entry? Please provide proof of payment for the following import invoice numbers:

(List several import invoice numbers taken from entry summaries reviewed)

3. Does the account provide any other material or financial assistance to any foreign suppliers? For example, does the account
 - a. supply production materials (fabric, component parts, etc.)?
 - b. supply machinery to the overseas facility?
 - c. provide designs or blueprints?
 - e. pay for factory expenses?
 - f. pay the salary of any person working in the overseas factory?
 - g. provide research and development to produce products?
 - h. lend funds to the foreign supplier?

Identify general ledger accounts used to record the above transactions.



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4. If the account is an exclusive U.S. importer of merchandise from foreign suppliers, explain the circumstances of sale and relationship with the foreign suppliers. Provide written agreement, if applicable.
5. Explain how and when the account takes title to the imported merchandise.
6. Explain transportation procedures and responsibilities for foreign (including inland freight charges), international, and domestic transportation of merchandise from the foreign plant to the place of international shipment, to the port of importation, and to the final U.S. destination. Identify general ledger accounts used to record the various freight charges.
7. Explain contractual agreements between the account or foreign suppliers with shippers or freight forwarders. Identify and explain any rebates received by the account or foreign affiliate from shippers or freight forwarders. Identify general ledger accounts used to record rebates, if any.
8. Identify situations in which the merchandise price from the foreign seller does not include all costs plus a profit.
9. Identify and explain retroactive price increases, rebates, allowances, or price adjustments (directly or indirectly from foreign exporters or sellers) for imported merchandise at the end of the accounting period or other times which are paid to or accrue to the account and/or the foreign supplier. Identify the general ledger accounts used to record these transactions.
10. Explain procedures and accounting for foreign currency fluctuations. Identify general ledger accounts used to record the fluctuations.



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11. Identify and explain payments to foreign companies for expenses other than imported merchandise, such as management fees, research and development, tooling, and similar items.
12. Identify and explain situations in which the foreign seller influences or controls the resale price of merchandise imported into the United States.
13. Are the prices the account pays for imported merchandise subject to restrictions or conditions dictated by the foreign supplier?
14. Identify and explain situations in which the account uses the services of foreign selling agents. Explain procedures for declaring selling commissions on entries. Provide names and addresses of agents, agency agreements, and identify the general ledger accounts used to record commissions and related transactions.
15. Identify and explain situations in which royalties or license fees were paid for imported merchandise. Provide copies of the royalty or license agreements, and identify the general ledger accounts used to record these transactions.
16. If applicable, explain circumstances and responsibilities for obtaining and paying for quota, visa, and licenses. Identify the general ledger accounts used to record these transactions.
17. Does the account have a transfer pricing agreement with the IRS? If so, please provide a copy of the agreement.